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South Carolina

Division of General Services

PROCUREMENT AUDIT AND CERTIFICATION

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FRANCIS MARION COLLEGE
AGENCY

SEPTEMBER 30, 1986
DATE

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERSAIS STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-2150

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



WILLIAM J. CLEMENT
ASSISTANT DIVISION DIRECTOR

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

September 30, 1986

Mr. Richard W. Kelly
Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Rick:

Attached is the final Francis Marion College audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant Francis Marion College three years certification as outlined in the report.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. J. Clement", written over the typed name.

William J. Clement
Assistant Division Director

Attachment

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JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

August 22, 1986

Mr. William J. Clement
Assistant Division Director
Division of General Services
Columbia, South Carolina 29210

We have examined the procurement policies and procedures of Francis Marion College for the period July 1, 1984 through May 31, 1986. As a part of our examination, we made a study and evaluation of the system of internal control over procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and College procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of Francis Marion College is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management

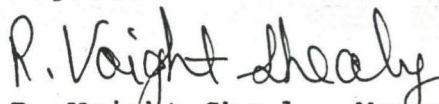
with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions as well as our overall examination of procurement policies and procedures were conducted with due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report which we believe to be subject to correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place Francis Marion College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.


R. Voight Shealy, Manager
Audit and Certification

RESULTS OF EXAMINATION

The Office of Audit and Certification performed an examination of the internal procurement operating procedures and policies and related manual of Francis Marion College for the period July 1, 1984 through May 31, 1986.

Our on-site review was conducted July 1st through July 18, 1986, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code. The audit was primarily instituted because the two year certification granted the College by the Budget and Control Board is to expire on March 26, 1987. Additionally, the College requested increased certification limits as follows:

Goods and Services	\$20,000
Construction	\$30,000

Since our previous audit in 1984, Francis Marion College has maintained what we consider to be a professional, efficient procurement system. We did note, however, the below listed items which should be addressed by management.

Check 22955 for \$3,000.00 was issued in payment for a contract to produce and present a play for the College. Competition was not solicited nor was a sole source determination prepared. We recommend that future transactions of this nature either be competitively bid in accordance with Section 11-35-1520 or, if appropriate, sole sourced in accordance with Section 11-35-1560 of the Procurement Code.

Purchase orders 21540 and 914 for newspaper clipping services were issued in the amount of \$600.00 each as sole source

procurements. Based on our contacts with another vendor, we do not believe the procurements are appropriate sole sources. Competition should be solicited in the future.


CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter, corrective action based on the recommendations described in the findings contained in the body of this report, we believe, will in all material respects place Francis Marion College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

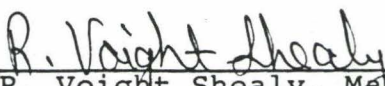
Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we recommend Francis Marion College be re-certified to make direct agency procurements for three years up to the limits as follows:

<u>PROCUREMENT AREAS</u>	<u>RECOMMENDED CERTIFICATION LIMITS</u>
I. Goods and Services including printing services.	\$20,000 *per purchase commitment
II. Construction Services	\$25,000 *per purchase commitment

* This limit means the total potential commitment to the State whether single year or multi-term contracts are used.



Larry G. Sorrell
Audit Manager



R. Voight Shealy, Manager
Audit and Certification



FRANCIS MARION COLLEGE

BOX F7500, FLORENCE, SOUTH CAROLINA 29501-0056 / (803) 661-1110

Vice President for Business & Finance

September 19, 1986

RECEIVED

SEP 22 1986

DIVISION OF GENERAL SERVICES
AGENCY CERTIFICATION AND
ENGINEERING MANAGEMENT

Mr. R. Voight Shealy, Manager
Audit and Certification
Budget and Control Board
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Re: Draft Procurement
Audit Report--
August 22, 1986

Dear Voight:

I am in receipt of your letter dated 17 September, 1986 with above referenced enclosure.

I have reviewed the draft report and shared same with Mrs. E. Cooper. We find the report to be factual and clearly represents the findings of your audit staff.

As you proposed, we would appreciate your proceeding without a formal exit conference.

We are appreciative of the opportunity to review the draft and the internal procurement enhancement that is derived from the review process.

Respectfully yours,

N. C. Frederick
Vice President of
Business and Finance

Enclosure

CC: Mrs. E. Cooper

NCF/jlh

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EXECUTIVE DIRECTOR

September 30, 1986

Mr. William J. Clement
Assistant Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Bill:

We have reviewed the response to our audit report of Francis Marion College covering the period July 1, 1984 through May 31, 1986. Combined with observations made during our site visit, this review has satisfied the Office of Audit and Certification that the College is correcting the problem areas found and that internal controls over the procurement system are adequate.

We, therefore, recommend that the certification limits for Francis Marion College outlined in the audit report be granted for a period of three (3) years.

Sincerely,

R. Voight Shealy, Manager
Audit and Certification

